



March 25, 2020

Honorable Gavin Newsom
Governor of California
1303 10th Street, Suite 1173
Sacramento, CA 95814

Governor Newsom,

As you are well aware, the spread of COVID-19, otherwise known as coronavirus, has caused thousands of California employers to layoff employees or close up shop altogether. Despite this, trial attorneys continue to show no mercy for the Golden State's front line businesses—including hospitals, senior care homes, and in-home care services—as well as hard-hit industries like restaurants and hotels.

Fortunately, there is a way for you to protect our state's already vulnerable businesses from falling prey to unscrupulous trial attorneys while the crisis over the coronavirus continues. My organization, the California Business and Industrial Alliance (CABIA) is calling for California to issue a 90-day moratorium on PAGA suits until after the coronavirus crisis has passed.

Last week alone, 167 claims were filed under the Private Attorneys General Act (PAGA). These claims, while lucrative for trial lawyers, often cost businesses thousands if not millions of dollars in settlement and legal fees for even a minor infraction of California's labor code. Aggrieved employees typically recoup far less.

Examples of hospitals and health care services targeted in the past week by PAGA suits are:

- Cedars-Sinai Medical Center
- CareChoices Hospice and Palliative Services, Inc.
- Hollywood Health System, Inc.
- Alliance Healthcare Services, Inc
- Townsgate In-home Services
- Atria Senior Living
- Fresenius Medical Care Holdings, Inc.

While the businesses listed above—as well as many more on the frontlines of this public health crisis—face one of the most difficult periods of economic upheaval in California's history, they now must deal with an expensive legal battle as well.

It's shameful that trial attorneys are targeting our state's hospitals and health care services. These businesses and their employees are working hard to keep us all healthy and safe. They should not be rewarded with financially crippling PAGA suits. As the virus continues to wreak havoc on our economy, these lawsuits could spell even more ruin for much-needed Golden State medical services and businesses at-large.

I applaud your response to the coronavirus so far, but our state's businesses need all the financial relief they can get—especially those battling on the front lines of this public health crisis. An executive order should be signed that would put a moratorium on PAGA lawsuits for the next 90 days.

Sincerely,

Tom Manzo
President, California Business & Industrial Alliance